

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

# COMMISSION MEMORANDUM

TO: Mayor David Dermer and Members of the City Commission

FROM: City Manager Jorge M. Gonzalez

DATE: February 8, 2006

SUBJECT: REPORT OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE

(COMMITTEE) MEETING OF JANUARY 19, 2006.

#### **OLD BUSINESS**

1. Discussion regarding public benefits offered by the Miami City Ballet to residents of the City of Miami Beach.

#### **ACTION**

The Committee moved the item to the full Commission recommending the addition of the proposed public benefits, offered by the Miami City Ballet to the Term Sheet.

Chief Financial Officer Patricia D. Walker introduced the item. Ms. Walker summarized the proposed public benefits being offered by the Miami City Ballet (Ballet). Ballet Executive Director Pamela Gardner addressed the committee and outlined the proposed public benefits being offered to the City by the Ballet. Chairman Saul Gross recommended that the public benefits proposed or currently offered by the Ballet to the City should be incorporated into the term sheet.

Ms. Walker and Ms. Gardner stated that the negotiated public benefits will be incorporated into the term sheet.

Ms. Gardner outlined the public benefits offered by the Ballet as follows:

- 100 free tickets to each of its performance series (program 1-4 and The Nutcracker) at the Miami Performing Arts Center (PAC) will be donated to Miami Beach-based charitable organizations that serve children and seniors;
- The launching of a new Contemporary Dance Series exclusive to the City of Miami Beach;
- It will produce at least one Young People's Program for children and families;
- MB (My Beach / My Ballet) days at the ballet where Miami Beach Residents attend a rehearsal in the studios:
- Free attendance to a rehearsal for the school's annual student showcase program;
- The school of the ballet will award at least ten financial scholarships to talented children with financial need who are residents of the beach; and

 Art students (music, dance, visual arts, etc.) enrolled at Miami Beach High School may sign up for a free studio rehearsal.

Ms. Gabrielle Redfern addressed the Committee and suggested that the City require additional public benefits such as: half price discounts for Miami Beach residents and free admission for Miami Beach children and seniors.

Ms. Walker stated that the Ballet will be required to be financially self sustaining if it is to continue performing at the MPAC; if not, it will be required to move MPAC performances to the Jackie Gleason Theatre of the Performing Arts, if available, and if not, maintain the performances that require a larger stage at MPAC and bring the smaller more intimate programs to Miami Beach venues.

The committee unanimously approved adding the proposed public benefits, offered by the Miami City Ballet to the residents of the City of Miami Beach, to the proposed Term Sheet.

### **NEW BUSINESS**

2. Discussion regarding Architectural and Engineering (A/E) additional services for Construction Administration.

## **ACTION**

The Committee instructed the Administration to schedule a Commission Workshop on February 15, 2006 in order to discuss the City's Capital Improvement Program.

Capital Improvement Program (CIP) Director Jorge E. Chartrand introduced and summarized the item. Mr. Chartrand explained the methods for procurement of A/E and construction contracts, general standards in the industry for awarding additional services to A/E's, and the reasoning behind project management layers in the City.

Chairman Saul Gross stated that the he would like to discuss the impact of time delays that are caused by problems in the field, contractors and staffing issues. Mr. Chartrand briefed the Committee on recruitment efforts, currently underway by the City, to fill professional vacancies in the CIP Office. He further added that as a result of current market conditions, there have been delays in these recruitment efforts because of the high labor demand for qualified professionals with the expertise needed in the construction field. He further stated that the salaries offered by the City were not competitive to what the job market in the private/ public sector was willing to pay for the same qualified individuals.

Chairman Saul Gross questioned the new ordinance that was adopted at the last Commission Meeting giving the City Manager the ability to pay 20% above the maximum pay range. Assistant City Manager Tim Hemstreet stated that this would cause internal equity issues with current employees that are now working for the City's CIP office.

Chairman Saul Gross asked how many vacancies are there currently in the CIP office. Mr. Chartrand stated that there were seven open positions. Commissioner Matti Bower commented that the office was half staffed.

Chairman Saul Gross stated that the volume has increased from \$300 million to \$500 million and asked what was the plan to get the projects up to date. Mr. Chartrand stated

that one of the things done recently is to hire personnel from URS as well as Hazen and Sawyer that the commission recently approved. He further stated that he was still in the process of negotiating salary with a new candidate to bring him on board as new employee.

Commissioner Matti Bower questioned if you are able to get the same work out with seven employees as if you were fully staffed. Mr. Chartrand stated that the employees are doing the best they can but that he was not going to deny that small things are falling behind. Mr. Hemstreet stated when you are short staffed you put your resources into construction because that is where your biggest liability is, as well as 80 to 90% percent of where the money is going. He further stated that the projects that suffer are those further back in the planning and zoning phase of construction.

Commissioner Matti Bower asked if we should look at our schedule of CIP projects and take into consideration how long these positions have been empty and how long they will take to fill the vacant positions. Mr. Chartrand stated that four of those positions were added in this year's budget, while the remainders of the positions have been empty for quite some time.

Commissioner Matti Bower asked how long it will take to fill the vacant positions. Mr. Chartrand stated that he was currently in negotiations with two candidates and that he feels confident he can hire them. He further stated that if for any reason he cannot hire these candidates it will take several months to fill the positions.

Commissioner Jerry Libbin stated that you should spend the money you have to spend to get the projects moving. He further stated we should try to structure it so that these terms expire at the end of G.O. bond project. Chairman Saul Gross stated that these are seven year projects that still have seven years before the projects are completed. He further stated he was concerned in bridging the money gap with a second G.O. bond. Mr. Chartrand stated that what he was trying to do with Hazen and Sawyer and URS is to address part of the need with contract employees. Chairman Saul Gross stated that the cost of the employees being contracted through URS was much higher than if the City hired the employee directly. Vice Chairman Richard Steinberg stated that we should deal with the equity issue and instead of paying Hazen and Sawyer we should raise the salaries of the employees we currently have on staff or risk losing them to the private/ public sector. He further stated that by doing this we should be able to fill our vacant positions and get our projects moving on time.

Commissioner Jerry Libbin stated it is more expensive in the short run not to mention the long run to have the cost escalate as the projects stall. He further stated that we are building up frustration in the community as these projects are not being done in a timely manner. Mr. Hemstreet stated that the reason for the lag in the schedule for projects is because the City virtually doubled the amount of money that was put into underground infrastructure and this lengthened the design time necessary to complete the project.

Chairman Saul Gross stated that there are currently 117 projects being handled by a staff of seven people. He further stated you could not do more than you can do. He also stated that maybe we should put some projects on hold and prioritize others. Mr. Chartrand stated that he does not see how you can prioritize the projects seeing that he feels that they are all important.

Commissioner Jerry Libbin asked CIP to prepare an analysis of the cost to staff up to the levels where we feel we need to be to get the projects moving on a timely basis. He further stated that it will probably cost more money delaying the project than hiring the

necessary staff. Mr. Leonard Wien formerly of the G.O. Bond Oversight Committee stated that maybe the City had lost sight of the ball. He further stated that he would do several things to correct the problem. He stated that if you could not hire additional staff to work for the City you should work with Hazen and Sawyer and URS to see how to move the projects forward. Mr. Wien further states that while it cost you more in the short term you will make it up in the long run. He further states you will also be creating goodwill among the citizens.

Mr. Chartrand stated that this has to be a combined effort between all parties involved to put together a program that can move forward. He further stated that it does require staffing.

Chairman Saul Gross stated that from the write up he sees that the CIP office is in favor of design build whenever appropriate because it is less taxing on staff. Additionally, he wanted to know what opportunities there were to convert neighborhood projects that are ongoing to design build. Mr. Chartrand stated there they are currently exploring the opportunity of converting other projects to design build. He further stated that there are currently three projects where design build is being done which are the restrooms for the beach, the clubhouse for the golf course and Nautilus neighborhood. Chairman Saul Gross stated design build is the way to go because it relieves you of the obligations to have as much staffing in house and is more harmonious.

The Committee instructed the Administration to schedule a Commission Workshop on February 15, 2006 in order to discuss the City's Capital Improvement Program.

3. Discussion item regarding policy and criteria for the distribution of Pay-As-You-Go Capital Funds.

### **ACTION**

Item Deferred.

4. Discussion regarding an effort to create work force housing in Miami Beach.

### ACTION

The Committee recommended opposing both the Saunders bill and Haridopolis bill and schedule the item for further discussion at the next meeting.

Economic Development Division Director Kevin Crowder introduced and summarized the item which was referred from the December 7, 2005 City Commission meeting regarding work force housing. Chairman Saul Gross asked if this is in relation to the homestead exemption or the tax increase.

City Manager Jorge M. Gonzalez stated that this is the difference between the adjusted value and the assessed value for tax purposes that homeowners accrue over a period of years. He further stated that there are currently eight resolutions filed in the Florida Legislature related to homestead exemption that deal with portability issues.

Commissioner Jerry Libbin stated that he wants to address two problems that he sees in our community and throughout our country. One problem is when people have owned a homesteaded property for any length of time though they have great equity, upon selling it and buying a new property they are going to be faced with a huge increase in real estate taxes. He further stated his idea is to address this issue and take people out of

what he considers a house trap.

The second problem is the work force housing issue. He warned that any city that does not begin to aggressively address this issue will start a downward spiral. He further stated that it is getting harder to find affordable housing within cities. Due to people having to commute further distances to get to work he believes that this makes it more difficult to hire quality employees.

Commissioner Jerry Libbin suggested that the solution to the house trap and work force housing shortage is to amend the State Constitution to provide for a transfer of tax basis on homesteaded properties and provide that any increase in property tax based on a new purchase be capped at no more than 25% of what the increase would have been otherwise. He further suggested that half of that additional amount be used to assist in the implementation of workforce housing program which may assist individuals who meet certain criteria; the other half of the 25% increase would be kept by the taxing jurisdictions. Commissioner Jerry Libbin stated that his goal is to get people to live near where they work.

The Committee discussed at length several scenarios and Commissioner Jerry Libbin gave specific examples as to how to apply his proposal. City Manager Jorge M. Gonzalez stated that the City has done some preliminary studies and given that the City has only thirty percent homesteaded properties our tax revenue from year to year is impacted heavily by turnover. So when looking at the expenditure and revenue trends going forward, about two thirds of our tax growth is from resale and one third is from new construction. He further stated that if the homesteaded properties went up from 30% to 50% based on preliminary numbers it is estimated that the negative impact on the City's budget would be \$20 million dollars.

Commissioner Jerry Libbin stated that social issues are more important than the economic issues. He further stated that one of the consequences if this does not change is that the workforce will not be able to afford to live in the City to provide the services required by our service oriented community.

City Manager Jorge M. Gonzalez stated that it might be better to earmark a line item in the budget for workforce housing. He stated it might provide more money than what might be generated through the plan being presented.

Chairman Saul Gross stated that there are two issues that have been discussed: one is the house trap, and the other is the issue of workforce housing. He further states that the problem in the City is how to encourage workforce housing and where in the City it should be located. He also states that if there is a compelling argument that he is sure the funding can be acquired.

Mr. Crowder stated that currently there are three different pieces of legislation filed in Tallahassee and went into a detail as to how they will affect City.

Commissioner Jerry Libbin stated that the proposal that is before the committee is better than the alternate proposals that are in Tallahassee. He further stated that the median income is around \$46,000, which gives you the ability to afford a property of around \$180,000.

Mr. Crowder went into a discussion regarding various scenarios and how the effect of portability would affect the tax roll based on the assessed values of the homes. The Committee discussed at length the various scenarios and how it would affect the City.

City Manager Jorge M. Gonzalez stated that the City should take a position against the current proposed legislation in Tallahassee and have the ability to negotiate the percentages that are being discussed to have some movement.

Chairman Saul Gross stated that he would like to see the workforce housing model. Commissioner Jerry Libbin stated that when he was running for office he went to the developers and asked if they were allowed to put one more floor on the building if they would donate the money of the proceeds from the additional floor to work force housing and the builders agreed.

The Committee further discussed the issue mentioning several ways of funding the concept such as increased taxes, laws that regulate the amount landlords can charge for rent, and subsidies. Assistant City Manager Hilda Fernandez summarized the various proposed legislation that is being presented to Tallahassee - The Haridopolos Bill, Saunders Bill and the Ryan Bill.

Chairman Saul Gross stated that the City would oppose both the Saunders bill and Haridopolis bill and schedule the item for further discussion at the next meeting.

## 5. Discussion regarding the Carrfour Project at Meridian and 5th Street

### ACTION

The committee unanimously approved the funding of the Carrfour project, provided that they update the budget and are still in compliance with the terms of their agreement.

First Assistant City Attorney Gary Held stated that during the Planning Board meeting in December 20, 2005 Carrfour applied for a conditional use approval for a project located at 530 Meridian Avenue which was denied. Shortly thereafter a Fair Housing Discrimination claim against the City was filed with the U.S. Department of Housing and Urban Development (HUD). He further clarified that the complaint is not perfected until we are served by HUD and that they are in the process of reviewing it.

Chairman Saul Gross asked why the Carrfour project was rejected by the Planning Board.

Planning Director Jorge Gomez stated that Carrfour applied to operate the facility located at 530 Meridian Avenue as an Adult Congregate Living Facility "ACLF," which allows the units to be smaller than the average room size of those in the City. He further stated that there is a cap of 2000 units which can be 200 square feet in size. He also stated the way the rooms were reconfigured by the architect they were going to have connecting doors reducing the number of units from 70 to 35; they also wanted to provide personal services. He further stated by doing this they would not need the variance previously issued to them on June 7, 2002. As an additional condition, guests would not be permitted to stay on a permanent basis at this facility, but would be permitted to enter into one six-month lease and no more than a six month lease thereafter. He further stated that by doing this it would remove the restriction of the transient occupancy and personal services. Mr. Held stated that there were two reasons for the application that Carrfour submitted to the planning board for ACLF; one was to allow reduced unit size and the other to provide on-site services.

Commissioner Matti Bower asked why the variance disappeared for temporary housing.

Mr. Jorge Gomez stated that the variance was relative to the hotel unit size that was granted by the Board of Adjustment. Mr. Held stated that there were multiple reasons why the application was turned down. He further stated that they have been in contact with Carrfour or their representative and the matter will be brought back to the Planning Board for discussion in January 24, 2006 meeting for possible reconsideration, which would be re-advertised for the February meeting. Mr. Held further stated that, during the discussions in the December 20, 2005 Planning Board meeting, there were certain design concerns expressed with relation to the adequacy of the room size and the common area requirements as they relate to the City Code. The Planning Board concluded that there was insufficient space provided which may result in overcrowding. Mr. Held also stated that there were possible design solutions that can address the concern.

Commissioner Matti Bower asked why this issue has been brought to the Committee.

Commissioner Luis R. Garcia Jr. stated that he referred the item because he believes the project does not have the ability to be completed. He further stated that he was concerned because the rules for the housing projects from the north were not the same as those in the south, therefore giving Carrfour the ability to sue the City and that this item should be brought to the full Commission. Commissioner Garcia further stated that he would like the ability to bring this matter up at the next Commission Meeting.

Chairman Gross and Commissioner Bower acknowledged their support for the project. Chairman Gross stated that he wants to see the project go ahead but he wants to make sure the project fits within the neighborhood and Commissioner Bower stated that maybe the project should have more common space for the people that live there. Mr. Held stated that the City has reviewed a plan that reflects increased common area but Carrfour may have a problem with their funding source if they do not maintain their unit count. He further stated that this plan addresses both of these issues. Commissioner Bower stated that she believes the project is needed.

Commissioner Garcia stated that he believes that there are issues that pertain to fire safety. He further stated that this hotel was never intended to be an apartment building. Chairman Gross stated that since Commissioner Garcia is a former Fire Chief that his concerns should be addressed and the plans reviewed. Commissioner Garcia stated that due to the remodeling, the fifty percent rule should apply. Chairman Saul Gross asked if the building is considered a historic building. Mr. Jorge Gomez stated that the building is a contributing building within the historic district.

Commissioner Garcia stated that another reason the project has been turned down is that the Chairman of the Planning Board is complaining about the concentration of facilities. He further stated that due to the impending law suit he would like to sit with the City's Legal department and the Planning department to further review the tapes of the last Planning Board meeting. Commissioner Garcia stated since Carrfour has been stagnant in construction for several months that maybe the City can put the money allotted to them to a better use.

Chairman Saul Gross asked if the money has been allocated. Assistant City Manager Hilda Fernandez stated that the money has been allocated to the Carrfour project which is a \$2.5 million dollar project, but that about \$1.9 million dollars have not been allocated including the City's \$309,469. She further stated our money is still being held pending a resolution of the application. Commissioner Jerry Libbin asked if there really is sufficient funding in place from all sources to cover the cost of the project. Ms. Fernandez stated

that Carrfour received a total of almost \$2.7 million dollars in funding for rehabilitation and service delivery cost. She further stated that based on the budget Carrfour submitted when requesting funds that it should be sufficient. She further stated that if it was the will of the Commission to further fund the project that the City should request an updated budget before funds are disbursed.

Chairman Saul Gross stated that since Commissioner Luis R. Garcia Jr. brought the item to the Committee that he is entitled to a vote on his recommendation to have the City Attorney look at the termination provisions to see if there is a way of not having to fund the project.

Commissioner Luis R. Garcia Jr. stated that his concern is that Carrfour is not living up to their contractual obligations.

The Committee unanimously approved funding for the Carrfour project, provided that they update the budget and are still in compliance with the terms of their agreement.

6. Discussion regarding the Jewish Museum's requests for \$500,000, in the form of a grant from the City of Miami Beach, to help fund the renovation of their recently acquired building.

### **ACTION**

The Committee moved the item to the full Commission recommending the City award the Jewish Museum of Florida a \$500,000 capital funding assistance grant.

Assistant City Manager Hilda Fernandez introduced and summarized the item, indicating that the Museum has requested \$500,000 in capital funding assistance from the City to assist with its capital improvements expansion project.

Ms. Fernandez added that the Administration recommends funding the museum for up to \$500,000 of the renovation costs of the 311 building in a similar fashion as the City funded the Wolfsonian FIU. She further stated that while the Administration is supportive of assisting the Museum, a funding source has yet to be identified.

Jewish Museum Executive Director Marcia Zerivitz gave a presentation to the Committee outlining the Museum's capital improvement expansion project. Ms. Zerivitz also stated that the \$500,000 funding request would be a component of the \$5.5 million master planned project. Further, she stated that for the third time in two months the Museum has been mentioned in the New York Times as a cultural site to visit. She also added that as a result of the expansion project, the Museum will triple its exhibition space and be able to draw more people to their establishment and to the City of Miami Beach.

Commissioner Jerry Libbin stated that he was impressed with the fact that the Museum, a non-profit entity, has never been in deficit and operates in a fiscally responsible manner. Ms. Zerivitz stated that they consistently monitor their cash flow and as policy for every dollar contributed \$.20 goes to construction \$.40 goes to operations and \$.40 goes to endowment.

Commissioner Matti Bower asked Ms. Zerivitz what types of public benefits the Museum currently offers the residents of Miami Beach. Commissioner Bower suggested that there should be a reduced resident fee or similar public benefits. Ms. Zerivitz concurred and indicated she would look into it.

Commissioner Garcia stated that the Museum is an institution that protects "our history." Commissioner Garcia was also in favor of providing funding assistance for the Museum.

The Committee asked the Administration where funding for the museum could be provided from and if the project would be eligible for South Pointe Capital Funds. Budget and Performance Improvement Director Kathie Brooks stated that funding from South Pointe has already been allocated for area projects and a subsequent funding source would have to be located.

The Committee moved the item to the full Commission recommending the City award the Jewish Museum of Florida a \$500,000 capital funding assistance grant.

JMG/PDW/rs/mm

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